

City of Raleigh

Budget Note # 19

INTEROFFICE MEMORANDUM

June 3, 2009

MEMO TO: J. Russell Allen
City Manager

FROM: Carolyn Simmons, Personnel Director

SUBJECT: Budget Note – Questions Regarding the City's Merit Pay Program

During the June 1, 2009 Council budget work session, Mayor Pro Tem West and Councilor Crowder requested additional information regarding the city's merit pay program. Specifically, Councilor Crowder requested an overview of the personnel evaluation and merit pay program. Mayor Pro Tem West asked for the average merit percentage salary increase awarded to employees within each quartile.

Overview of Current Personnel Evaluation and Merit Pay Program

Employees receive an annual personnel evaluation from their supervisor that is scheduled around the employment anniversary date. (see Attachment A for a copy of the evaluation instrument). This evaluation documents whether an employee's performance over the past year has been Unsatisfactory, Improvement Required, Standard, Above Standard or Outstanding.

The actual percentage merit pay increase an employee receives is determined by where that employee's salary currently falls within his/her pay range and the overall rating on a performance evaluation. For example, let's consider a Service Technician making \$26,000 on her anniversary date who receives an overall performance evaluation rating of "above standard." Her current pay places her in the 2nd Quartile of her pay range (see pay range quartiles table below). So, with an "Above Standard" evaluation she will receive a 2.5% pay increase (see award percentage table below).

Pay Range Quartiles for Grade 22 FY 2009

GRADE	Q1 Min	Q1 Max	Q2 Min	Q2 Max	Q3 Min	Q3 Max	Q4 Min	Q4 Max
22	\$22,667.83	\$25,821.57	\$25,821.58	\$28,975.32	\$28,975.33	\$32,129.06	\$32,129.07	\$35,282.80

Merit Pay Increase Award Percentages FY 2009

	Unsatisfactory / Improvement Required	Standard	Above Standard	Outstanding
1st Quartile	0.00%	2.50%	3.75%	5.00%
2nd Quartile	0.00%	2.00%	2.50%	3.75%
3rd Quartile	0.00%	1.75%	2.00%	2.50%
4th Quartile	0.00%	1.25%	1.75%	2.00%

Budget Note – Questions Regarding the City’s Merit Pay Program
June 3, 2009

Average % Merit Increase Awarded

The following table shows the average % merit increase awarded to employees thus far in FY 2009, based on their current placement within their classification’s pay range.

Average Merit Increase by Quartile in FY 2009

	Q1	Q2	Q3	Q4
% Merit Increase*	4.41%	3.38%	2.40%	1.04%**

**Excludes 1.5% range adjustment. (Employee is eligible for the additional 1.5% range adjustment if their performance evaluation rating is Standard, Above Standard, or Outstanding.)*

***The Q4 average reflects that some employees are at the top of the pay range and do not receive a merit increase regardless of their merit achievement. (Employee would be eligible for a range adjustment increase.)*

Proposed Budget Reduction to Merit Pay Program

The FY 2010 Proposed Budget recommends reducing the current merit pay program by 1%. The following table reflects the adjusted merit pay awards.

Merit Pay Increase Award Percentages Proposed FY 2010

	Unsatisfactory / Improvement Required	Standard	Above Standard	Outstanding
1st Quartile	0.00%	1.50%	2.75%	4.00%
2nd Quartile	0.00%	1.00%	1.50%	2.75%
3rd Quartile	0.00%	0.75%	1.00%	1.50%
4th Quartile	0.00%	0.25%	0.75%	1.00%



City of Raleigh

Report of Performance Evaluation

(Please see last page for instructions)

Employee Name: _____

Social Sec. #: _____

Anniv. Date: _____

Job Title: _____

Dept./Div.: _____

Current Grade/Step: _____

Period: From: _____ To: _____ ☐ Annual Evaluation ☐ Re-evaluation

Ratings for Each Category

Outstanding: Consistently exceeds expectations in job performance: achieves objective at a superior level; demonstrates exceptional skills and innovation.

Above Standard: Frequently exceeds expectations in job performance: demonstrates initiative, accuracy and reliability; provides a high level of service.

Standard: Consistently meets expectations in job performance: is competent and provides services which are entirely acceptable.

Improvement Required: Frequently does not meet expectations in job performance. Does not provide an acceptable level of service. Performance is inconsistent and additional training may be needed. Improvement is required to meet standard job performance expectations.

Unsatisfactory: Consistently fails to achieve expectations in job performance and work objectives are often not met. Significant improvement is required within a specified time frame.

Use Appropriate Symbols for Rating Individual Items [+] = Strong [/] = Standard [-] = Weak

1. Quantity of Work

Rating: Standard

☐ Amount of work performed ☐ Amount of work completed on schedule

Comments: _____

2. Quality of Work

Rating: Standard

☐ Level of accuracy ☐ Neatness of work product ☐ Shows Initiative ☐ Pays Attention to detail
☐ Uses good judgment ☐ Oral communication ☐ Written Communication

Comments: _____

3. Work Habits

Rating: Standard

☐ Attendance ☐ Punctuality ☐ Application to duties ☐ Reliability ☐ Complies with safety rules
☐ Follows through on work assignments ☐ Complies with policies ☐ Works in a cost effective manner
☐ Operates/maintains equipment properly ☐ Wears appropriate work attire

Comments: _____

4. Personal Conduct

Rating: Standard

☐ Displays cooperative and courteous work relationships with citizens/staff
☐ Provides good customer service to citizens and staff
☐ Serves as a positive example for other employees
☐ Uses leave appropriately

Comments: _____

5. Other

Rating: Standard

☐ Level of job knowledge ☐ Level of job skills ☐ Maintains confidentiality
Personnel record is free of disciplinary action during evaluation period: Yes

Comments: _____

6. Supervisory Ability (for supervisors only)

Rating: Standard

☐ Leadership ☐ Planning and assigning of work ☐ Decision-making ☐ Fairness
☐ Training and development of staff ☐ Approachability ☐ Uses disciplinary process appropriately
☐ Meets established timeframes in responding to employee concerns ☐ Encourages teamwork
☐ Conducting Performance Evaluations

Comments: _____

OVERALL EVALUATION RATING

☐ Unsatisfactory ☐ Improvement Required ☒ Standard ☐ Above Standard ☐ Outstanding

This report represents a fair and objective evaluation of the employee’s performance based on my knowledge and observation.

Immediate Supervisor:

Printed Name

Signature

Date

Comments:

Reviewer

Printed name

Signature

Date

Comments:

Employee Comments:

Employee Signature _____ Date _____

NOTE: An employee signature indicates that this report has been discussed with the employee. IT does not indicate agreement or disagreement with the contents of this report.

**INSTRUCTIONS
CITY OF RALEIGH
REPORT OF PERFORMANCE EVALUATION**

The following is a brief outline of instructions for the **REPORT OF PERFORMANCE EVALUATION**. Additional information is provided in the Performance Evaluation System guidelines (SP 300-8), and the Pay Plan guidelines (SP 300-4, Administration of the Compensation Plan).

1. Place the appropriate SYMBOL in the block by each ITEM within the category.
2. Rate the CATEGORY, using the full word rather than an abbreviation.
3. Complete the COMMENTS section. Comments are required for an "Outstanding" or "Unsatisfactory" rating in a category. However, comments are encouraged for other ratings.
4. The employee's PERFORMANCE OBSERVATION NOTES may be used as a reference to cite examples of work well done and plans for improving performance. Attach additional sheets if needed.
5. Place an "x" in the appropriate box in the OVERALL EVALUATION RATING section.
6. If the employee's overall rating is "IMPROVEMENT REQUIRED" or "UNSATISFACTORY", a PERFORMANCE IMPROVEMENT PLAN and a six month RE-EVALUATION are required.
7. Upon completion of the REPORT OF PERFORMANCE EVALUATION, the Immediate Supervisor should sign and date the form and submit it to the Reviewer for review, signature and date.
8. The supervisor should meet with the employee to discuss the REPORT OF PERFORMANCE EVALUATION.
9. The employee should complete the EMPLOYEE COMMENTS section and sign the evaluation form.
10. The original REPORT OF PERFORMANCE EVALUATION must be submitted to the Personnel Department.
11. A PERSONNEL ACTION FORM must be attached to the original REPORT OF PERFORMANCE EVALUATION if a merit increase is awarded.
12. A copy of the REPORT OF PERFORMANCE EVALUATION must be provided to the employee. Any additional copies kept within a department or division must be maintained in a confidential manner.
13. Any questions may be directed to the Personnel Department, phone 996-3315.